Rise in prices of cement

1325. SHRI SHIV PRATAP MISHRA:
SHRI ANANT RAM JAISWAL:

Will the Minister of INDUSTRY be pleased to state:

(a) whether prices of cement have shown a rising trend during the last few months;

(b) if so, the extent thereof; and

(c) what steps Government are taking to check the rise in prices of cement?

THE MINISTER OF INDUSTRY (SHRI AJIT SINGH): (a) and (b) Yes, Sir. Details of retail prices of cement at 24 important consumption centres prevailing during February, 1990, to July, 1990, are given in the Annexure. (*See* Appendix CLV, Annexure No. 43)

(c) The Government is closely monitoring the availability of coal, wagons and other infrastructural support to the Cement Industry, with a view to increasing production and making cement available in adequate quantities. The State Governments have been requested to ensure that there is no profiteering at the retail level. They have also been requested to intervene in the market by purchasing through their designated agency in bulk and distributing it among the needy people.

Enquiry into rise in the prices of cement

1326. SHRI SURESH PACHOURI: Will the Minister of INDUSTRY be pleased to refer to the answer to Unstarred Question 31 given in the Rajya Sabha on the 30th April, 1990 and state:

(a) whether Monopolies and Restrictive Trade Practices Commission proposes to enquire into the recent steep rise in cement prices;

(b) whether Bureau of Industrial Costs and Prices or any other agency has enquired into the causes of steep rise in cement prices in the recent past, if so, what was the outcome thereof;

(c) whether Government had called the representatives of the cement industry and had urged upon them to reduce the price of cement; and

(d) if so, what was the reaction of the cement industry thereto?

THE MINISTER OF INDUSTRY (SHRI AJIT SINGH): (a) Monopolies and Restrictive Trade Practices Commission, after examining the complaint received from Consumers for Action, Campus Law Centre, Delhi University, Delhi, have directed the Director General (Investigation and Registration) to find out as to whether the Cement Manufacturers' Association/cement manufacturers have been indulging in the restrictive trade practice within the meaning of Section 2(o) of the MRTP Act by way of increasing prices frequently between the period November, 1989, and April, 1990.

(b) No enquiry to determine the causes of steep rise in the cement prices has been made recently by the Bureau of Industrial Costs and Prices. However, it has made a quick review of the estimates of the fair selling price, details of which are enclosed. (*See* below).

(c) and (d) As advised by the Government, major cement producers had agreed to roll back their ex-stockists price to the level of 31st March, 1990.

Statement

Cost per tonne of Cement

Sl. No.	Item	Cost per tonne (Rs.)	Remarks
1	Raw materials	85	Limestone 1.5 tonne.
2	Power	154	120 units @Rs. 1.28 per KWH
3	Coal	168	250 Kg @ Rs. 330/- tonne. Freight for 1000 Kms. @Rs. 343/- tonne cost will be Rs. 120 if norm of 190 Kg. is taken.
4	Stores and Spares	45	
5	Salaries and Wages	45*	
6	Overheads	41*	
7	Packing Cost	132	
8	Marketing Overheads	38*	
9	TOTAL	708	
10	Interest on Working Capital	44	
11	Depreciation, interest and return	207	On capital cost of Rs. 1500 per tonne of cement.
12	Total cost of Packed cement	959	
13	Average freight	253	On an average lead of 650 Kms.
14	Excise Duty	226	
15	Total Cost (F.O.R.)	1438	
16	Central Sales Tax 4%	58	
17	Octroi	12	
18	Stockists Margin £	80	
19	Local Sales Tax (7%)	111	
20	Consumer Price/Tonne	1699	
21	Consumer Price/bag	84.95	

*85% capacity utilisation taken in place of actual average for industry of 80% in 1989-90. (Figures of Sl. Nos. 4 to 8 taken as verified by Ministry from Accounts of sample cement units)

£Including local transport, etc.